

CADEVILLE WATER DISTRICT

*Component Unit Financial Statements
For the Year Ended December 31, 2010*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

4/20/11



CADEVILLE WATER DISTRICT

DECEMBER 31, 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Cadeville Water District
West Monroe, Louisiana

We have audited the accompanying component unit financial statements of the business-type activities of the Cadeville Water District, a component unit of the Ouachita Parish Police Jury, as of and for the year ended December 31, 2010, as listed in the table of contents. These component unit financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Cadeville Water District at December 31, 2010, and the respective changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2011 on our consideration of Cadeville Water District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

To the Board of Commissioners
Cadeville Water District

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
March 14, 2011

CADEVILLE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Cadeville Water District's (the District's) financial performance provides an overview of the District's financial activities for the year ended December 31, 2010. Please read it in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

For the year ended December 31, 2010, the District's overall changes in Net Assets increased by \$148,062.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District operates as an enterprise fund and presents its financial statements using the accrual basis of accounting. As an enterprise fund, the District's basic financial statements include three components: *Government-Wide Financial Statements*, *Fund Financial Statements*, and *Notes to the Financial Statements*.

The *Statement of Net Assets* includes all of the District's assets and liabilities, with the difference between the two reported as net assets. Net assets are reported in three categories, Invested in Capital Assets, Restricted for Debt Service, and Unrestricted. The increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating. The *Statement of Net Assets* provides a basis for evaluating the capital structure of the District, and assessing its liquidity and financial flexibility.

The *Statement of Activities* shows how the District's net assets changed during the year. All of the current year's revenues and expenses were recorded when the underlying transaction occurs, regardless of the timing of related cash flows. The *Statement of Activities* measures the District's performance over the last year, and whether the District recovered its costs through fees and other revenues.

The *Statement of Cash Flows* provides information regarding the District's cash receipts and cash disbursements during the year. The statement reports cash activity in three categories, Cash Flows from Operations, Cash Flows from Capital and Related Financing Activities, and Cash Flows from Investing Activities. This statement accounts only for transactions that result in cash receipts and cash disbursements.

The *Notes to the Financial Statements* provide a description of the accounting policies used to prepare the financial statements and presents material disclosures required by accounting principles generally accepted in the United States of America that are not otherwise presented in the financial statements.

NET ASSETS

For the years ended December 31, 2010 and 2009, net assets changed as follows:

| | FYE 2010 | FYE 2009 |
|------------------------|-------------------|-------------------|
| Beginning Net Assets | \$ 706,450 | \$ 594,369 |
| Increase in Net Assets | <u>148,062</u> | <u>112,081</u> |
| Ending Net Assets | <u>\$ 854,512</u> | <u>\$ 706,450</u> |

For the year ended December 31, 2010, there were 29 new residential customers. Rates for water consumption have not changed from the prior year.

CHANGE IN NET ASSETS

The following schedule presents a summary of revenues and expenses for the fiscal year ended December 31, 2010, and the amount and percentage of increases and decreases in relation to the prior year.

| | FYE 2010 | Percent | Increase (Decrease) from FYE 2009 | Percent Increase (Decrease) |
|-----------------------|-------------------|----------------|--|-----------------------------------|
| <i>Revenues:</i> | Amount | of Total | | |
| Charges and Fees | \$ 505,014 | 99.60% | \$ 89,272 | 21.47% |
| Capital Contributions | 1,750 | .35% | (2,200) | (55.69%) |
| Interest | <u>252</u> | <u>.05%</u> | <u>166</u> | 193.02% |
| Total Revenues | <u>\$ 507,016</u> | <u>100.00%</u> | <u>\$ 87,238</u> | <u>20.78%</u> |

The District's revenues increased significantly this year due to an increase in residential customers and a 7% increase in water consumption.

| | FYE 2009 | Percent | Increase (Decrease) from FYE 2008 | Percent Increase (Decrease) |
|-----------------------|-------------------|----------------|--|-----------------------------------|
| <i>Revenues:</i> | Amount | of Total | | |
| Charges and Fees | \$ 415,743 | 99.50% | \$ 127,184 | 44.08% |
| Capital Contributions | 3,950 | .48% | (950) | (31.67%) |
| Interest | <u>86</u> | <u>.02%</u> | <u>(574)</u> | (87.00%) |
| Total Revenues | <u>\$ 419,779</u> | <u>100.00%</u> | <u>\$ 125,560</u> | <u>43.65%</u> |

The District's revenues increased significantly this year due to an increase in residential and school customers and an increase in water rates.

| | FYE 2010 | Percent | Increase (Decrease) from FYE 2009 | Percent Increase (Decrease) |
|---------------------------|--------------------------|-----------------------|--|-----------------------------------|
| <i>Expenses:</i> | Amount | of Total | | |
| Purchases of Services | \$ 93,610 | 26.08% | \$ 21,110 | 29.12% |
| Materials and Supplies | 112,560 | 31.38% | 25,750 | 29.66% |
| Other | 18,721 | 5.22% | (3,811) | (16.91%) |
| Utilities | 37,562 | 10.46% | (7,381) | (16.42%) |
| Depreciation | 58,389 | 16.27% | (3,419) | (5.53%) |
| Interest Expense | 30,433 | 8.47% | 16,605 | 120.08% |
| Amortization of Bond Cost | 4,370 | 1.21% | 4,372 | 100.00% |
| Annual Clean Water Act | <u>3,309</u> | <u>0.91%</u> | <u>32</u> | <u>0.98%</u> |
| Total | <u>\$ 358,954</u> | <u>100.00%</u> | <u>\$ 53,258</u> | <u>17.42%</u> |

The District's expenses increased significantly this year due mostly to repairs to Wells #1 & #4.

| | FYE 2009 | Percent | Increase (Decrease) from FYE 2008 | Percent Increase (Decrease) |
|---------------------------|--------------------------|-----------------------|--|-----------------------------------|
| <i>Expenses:</i> | Amount | of Total | | |
| Purchases of Services | \$ 72,500 | 23.72% | \$ 2,797 | 4.01% |
| Materials and Supplies | 86,810 | 28.40% | 25,890 | 42.50% |
| Other | 22,532 | 7.37% | 15,265 | 200.10% |
| Utilities | 44,943 | 14.70% | (3,731) | (7.66%) |
| Depreciation | 61,808 | 20.22% | (5,114) | (7.64%) |
| Interest Expense | 13,828 | 4.52% | (13,148) | (48.74%) |
| Amortization of Bond Cost | - | - | (600) | (100.00%) |
| Annual Clean Water Act | <u>3,277</u> | <u>1.07%</u> | <u>3,277</u> | <u>100.00%</u> |
| Total | <u>\$ 305,698</u> | <u>100.00%</u> | <u>\$ 24,636</u> | <u>8.77%</u> |

The District's expenses increased significantly this year due mostly to repairs to Well #2.

CAPITAL ASSETS

At December 31, 2010, the District's capital assets totaled \$2,116,485 and the accumulated depreciation was \$1,281,569. There were no additions to capital assets for the year ended December 31, 2010.

Cadeville Water District Capital Assets at December 31, 2010 and 2009:

| | FYE 2010 | FYE 2009 |
|--------------------------|---------------------|---------------------|
| Land | \$ 24,250 | \$ 24,250 |
| Water Systems | 2,090,609 | 2,090,609 |
| Furniture & Fixtures | <u>1,626</u> | <u>1,626</u> |
| Total | 2,116,485 | 2,116,485 |
| Accumulated Depreciation | <u>(1,281,569)</u> | <u>(1,223,180)</u> |
| Net Capital Assets | \$ <u>834,916</u> | \$ <u>893,305</u> |

DEBT ADMINISTRATION

At December 31, 2010, the District's Water Revenues Refunding Bonds payable was \$302,646. The District's Bond pays 5.88% interest semiannual and matures January 1, 2020. Note 7 to the Financial Statements provides more detailed information.

| | FYE 2010 | FYE 2009 |
|--------------------------|-------------------|-------------------|
| Bonds Payable | \$ 302,646 | \$ 351,646 |
| Capital Lease Obligation | <u>-</u> | <u>31,421</u> |
| Total | \$ <u>302,646</u> | \$ <u>383,067</u> |

CONTACTING THE DISTRICT'S MANAGEMENT

The Financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages. If you have questions about this report or need additional financial information, contact the Cadeville Water District, 613 Winnfield Road, West Monroe, LA 71292.

CADEVILLE WATER DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

| <u>ASSETS</u> | <u>Business-Type Activities</u> |
|---|-------------------------------------|
| Cash and Cash Equivalents | \$ 318,089 |
| Accounts Receivable, Net | 45,424 |
| Capital Assets: | |
| Non-Depreciable | 24,250 |
| Depreciable | <u>810,666</u> |
| <u>TOTAL ASSETS</u> | <u>\$ 1,198,429</u> |
| | |
| <u>LIABILITIES</u> | |
| Accounts Payable | \$ 29,622 |
| Refundable Deposits | 11,649 |
| Non-Current Liabilities | |
| Due Within One Year | |
| Bonds Payable | - |
| Capital Lease Obligations | - |
| Due In More Than One Year | |
| Bonds Payable | <u>302,646</u> |
| <u>TOTAL LIABILITIES</u> | <u>343,917</u> |
| | |
| <u>NET ASSETS</u> | |
| Invested in Capital Assets, | |
| Net of Related Debt | 532,270 |
| Restricted for Debt Service | 267,111 |
| Unrestricted | <u>55,131</u> |
| <u>TOTAL NET ASSETS</u> | <u>854,512</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>\$ 1,198,429</u> |

The accompanying notes are an integral part of this financial statement.

CADEVILLE WATER DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Net (Expense) Revenue and Changes in Net Assets</u> |
|---------------------------|-------------------|---------------------------------|---|---|--|
| Business-Type Activities: | | | | | |
| Utilities | <u>\$ 358,954</u> | <u>\$ 505,014</u> | <u>\$ -</u> | <u></u> | <u>\$ 146,060</u> |
| | | | General Revenues: | | |
| | | | Capital Contributions | | 1,750 |
| | | | Interest | | <u>252</u> |
| | | | Changes in Net Assets | | 148,062 |
| | | | Net Assets - Beginning | | <u>706,450</u> |
| | | | NET ASSETS - ENDING | | <u>\$ 854,512</u> |

The accompanying notes are an integral part of this financial statement.

CADEVILLE WATER DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
DECEMBER 31, 2010

ASSETS

Current Assets

| | |
|--|---------------|
| Cash and Cash Equivalents | \$ 50,978 |
| Accounts Receivable, Net of Allowance for Uncollectibles (Note 3) | 45,424 |
| Total Current Assets | <u>96,402</u> |

Restricted Assets

| | |
|--|----------------|
| Water Revenue Bonds - Reserve Fund | 29,488 |
| Water Revenue Bonds - Contingency Fund | 41,290 |
| Depreciation Fund - Money Market Account | 196,333 |
| Total Restricted Assets | <u>267,111</u> |

| | |
|--|----------------|
| <u>Property, Plant and Equipment, Net (Note 4)</u> | <u>834,916</u> |
|--|----------------|

| | |
|---------------------|---------------------|
| <u>TOTAL ASSETS</u> | <u>\$ 1,198,429</u> |
|---------------------|---------------------|

LIABILITIES

Current Liabilities

| | |
|--|---------------|
| Accounts Payable | \$ 29,622 |
| Refundable Deposits | 11,649 |
| Current Portion of Long-Term Liabilities | - |
| Total Current Liabilities | <u>41,271</u> |

Long-Term Liabilities

| | |
|--|----------------|
| Water Revenue Refunding Bonds (Note 7) | 302,646 |
| Total Long-Term Liabilities | <u>302,646</u> |

| | |
|-------------------------------------|---------|
| Total Liabilities and Other Credits | 343,917 |
|-------------------------------------|---------|

NET ASSETS

| | |
|-----------------------------|----------------|
| Invested in Capital Assets. | |
| Net of Related Debt | 532,270 |
| Unrestricted | 322,242 |
| Total Net Assets | <u>854,512</u> |

| | |
|---|---------------------|
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>\$ 1,198,429</u> |
|---|---------------------|

The accompanying notes are an integral part of this financial statement.

CADEVILLE WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

| | |
|---|-------------------|
| <u>Operating Revenue</u> | |
| Charges and Fees | \$ 505,014 |
| <u>Operating Expenses</u> | |
| Purchases of Services | 93,610 |
| Materials and Supplies | 112,560 |
| Other | 41,932 |
| Utilities | 22,030 |
| Depreciation | 58,389 |
| Total Operating Expenses | <u>328,521</u> |
| <u>Operating Income</u> | 176,493 |
| <u>Non-Operating Revenues (Expenses)</u> | |
| Interest Income | 252 |
| Interest Expense | (30,433) |
| Capital Contributions | 1,750 |
| Total Non-Operating Revenues (Expenses) | <u>(28,431)</u> |
| <u>Changes in Net Assets</u> | 148,062 |
| <u>Net Assets - Beginning of the Year</u> | <u>706,450</u> |
| <u>NET ASSETS - END OF THE YEAR</u> | <u>\$ 854,512</u> |

The accompanying notes are an integral part of this financial statement.

CADEVILLE WATER DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

| | |
|--|-------------------|
| <u>Cash Flows from Operations</u> | |
| Receipts From Customers | \$ 507,938 |
| Payments to Provide Services | (230,687) |
| Payments for General and Administrative | (22,030) |
| Net Cash Provided by Operating Activities | <u>255,221</u> |
| <u>Cash Flows from Capital and Related Financing Activities</u> | |
| Capital Contributions | 1,750 |
| Increase in Refundable Deposits | 2,400 |
| Payments on Capital Lease Obligation | (31,421) |
| Interest paid on Long Term Debt | (30,433) |
| Bond Principal Payments | (49,000) |
| Net Cash Used by Capital and Related Financing Activities | <u>(106,704)</u> |
| <u>Cash Flows from Investing Activities</u> | |
| Interest Received on Investments | 252 |
| Deposits (Withdrawals) from Reserve Accounts | (198,372) |
| Purchase of Property, Plant and Equipment | - |
| Net Cash Used by Investing Activities | <u>(198,120)</u> |
| <u>Net Decrease in Cash and Cash Equivalents</u> | <u>(49,603)</u> |
| <u>Cash and Cash Equivalents at Beginning of Year</u> | <u>100,581</u> |
| <u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u> | <u>\$ 50,978</u> |
| <u>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities</u> | |
| <u>Cash Flows From Operating Activities</u> | |
| Operating Income | \$ 176,493 |
| Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities: | |
| Depreciation | 58,389 |
| Decrease in Accounts Receivable | 2,924 |
| Increase in Accounts Payable | 17,415 |
| Net Cash Provided by Operating Activities | <u>\$ 255,221</u> |

The accompanying notes are an integral part of this financial statement.

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

INTRODUCTION

The Cadeville Water District (the District) is a component unit of the Police Jury of Ouachita Parish. The waterworks district was created by Ordinance No. 7-155 dated September 15, 1975. The waterworks district was created to provide water services within the District. The District is governed by a Board of five Commissioners. The Board of Commissioners has absolute control and authority over the waterworks in the District. The Commissioners meet at least once every sixty days, and they serve without remuneration.

The District services approximately 2,500 residents in Wards 6 and 7 of Ouachita Parish. The District has no employees. Service is provided by a water system consisting of 4 wells, 1 standpipe tower, booster stations and about 60 miles of distribution system.

Note 1 - Summary of Significant Accounting Policies

The District complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

A. BASIS OF PRESENTATION

In June, 1999, the GASB unanimously approved statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the presentation of its funds financial information include, a Management Discussion and Analysis (MD&A) section providing an analysis of the District’s overall financial position and results of operations and financial statements prepared using full accrual accounting for all Fund activities. These and other changes are reflected in the accompanying financial statements including the notes to the financial statements.

B. BASIC FINANCIAL STATEMENTS

Government - wide financial statements - The statement of net assets and statement of activities display information about the reporting government as a whole.

C. FUND ACCOUNTING

The District’s only fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1 - Summary of Significant Accounting Policies (continued)

D. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Ouachita Parish Police Jury is the financial reporting entity for Ouachita Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Ouachita Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority of its governing body, the Cadeville Water District was determined to be a component unit of the Ouachita Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement Focus -- The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. All proprietary funds utilize the accrual basis of accounting.

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1 - Summary of Significant Accounting Policies (continued)

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Basis of Accounting - The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred or economic assets are used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and like transactions are recognized when the exchange takes place. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and service. The District also recognizes as operating revenue the portion of tap fees intended to cover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

F. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. For purposes of the statements of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

H. FIXED ASSETS

Fixed assets of the District are stated at cost and are included on the balance sheet of the fund. Interest costs incurred during construction are not capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of 7-25 years.

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1 - Summary of Significant Accounting Policies (continued)

I. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

J. FUND EQUITY

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Note 2 - Cash and Cash Equivalents

Custodial Credit Risk - deposits. The custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy to ensure there is no exposure to this risk is to require the financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Accordingly, the District had no custodial credit risk related to its deposits at December 31, 2010.

The District has cash and cash equivalents (book balances) totaling \$318,089 at December 31, 2010 as follows:

| | |
|-----------------------|-------------------|
| Demand Deposits | \$ 50,978 |
| Money Market Accounts | <u>267,111</u> |
| <u>TOTAL</u> | <u>\$ 318,089</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 2010, are secured as follows:

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 2 - Cash and Cash Equivalents (continued)

| | Non Interest Bearing Demand Deposits | Time & Savings Accounts |
|---------------------------------------|--|-------------------------------|
| Bank Balances | \$ 43,016 | \$ 267,111 |
| Federal Deposit Insurance | \$ 250,000 | \$ 250,000 |
| Pledged Securities (Uncollateralized) | - | - |
| <u>TOTAL</u> | <u>\$ 250,000</u> | <u>\$ 250,000</u> |

The accounts are managed by the District's fiscal agent and consist of securities issued or guaranteed by the U.S. government. Investments are in accordance with LRS 33:2955(A)(1)(e) and are not required to be covered by the pledge of securities owned by the fiscal agent bank.

Because the pledged securities are held by a custodial bank in the same name of the fiscal agent bank rather than in the name of the District, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand.

Note 3 - Accounts Receivable

At December 31, 2010, the District's accounts receivable consisted of the following:

| | |
|---------------------------------------|------------------|
| Water Accounts Receivable | \$ 46,524 |
| Less: Allowance for Doubtful Accounts | (1,100) |
| Total | <u>\$ 45,424</u> |

Note 4 - Property, Plant and Equipment

Capital asset activity for the year ended December 31, 2010 is as follows:

| | December 31, 2009 <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | December 31, 2010 <u>Balance</u> |
|---------------------------|--|------------------|------------------|--|
| Non-Depreciable Assets: | | | | |
| Land | \$ 24,250 | \$ - | \$ - | \$ 24,250 |
| Depreciable Assets: | | | | |
| Water System | 2,072,579 | - | - | 2,072,579 |
| Improvements | 18,030 | - | - | 18,030 |
| Furniture & Fixtures | <u>1,626</u> | <u>-</u> | <u>-</u> | <u>1,626</u> |
| Totals at Historical Cost | 2,116,485 | - | - | 2,116,485 |

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 4 - Property, Plant and Equipment (continued)

| | December 31, 2009 <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | December 31, 2010 <u>Balance</u> |
|------------------------------------|--|--------------------|------------------|--|
| Less Accumulated Depreciation for: | | | | |
| Water System | (1,215,448) | (58,245) | - | (1,273,693) |
| Improvements | (6,106) | (144) | - | (6,250) |
| Furniture & Fixtures | (1,626) | - | - | (1,626) |
| Total Accumulated Depreciation | (1,223,180) | (58,389) | - | (1,281,569) |
| <u>CAPITAL ASSETS, NET</u> | <u>\$ 893,305</u> | <u>\$ (58,389)</u> | <u>\$ -</u> | <u>\$ 834,916</u> |

Depreciation expense was \$58,389 in 2010.

Note 5 - Restricted Assets

Restricted assets consist of monthly payments which are to be made into a Bond Reserve Fund in an amount equal to 5% of the monthly Sinking Fund payment until the amount in the reserve fund equals the highest combined debt service requirements in any future year of the bonds. Monthly payments also are to be made into a Contingency Fund in an amount equal to 5% of the monthly Sinking Fund payment over the life of the bonds. These payments are made to satisfy the debt service requirements of the Water Revenue Bond Series 1992 and Series 2000.

Note 6 - Capital Contributions

During 2010, \$1,750 in new memberships was added to contributed capital.

Note 7 - Long-Term Liabilities

Long-term liabilities, including amounts currently payable consists of:

| | Balance December 31, 2009 | <u>Additions</u> | <u>Reductions</u> | Balance December 31, 2010 | Amounts Due Within One Year |
|--|---------------------------------|------------------|-------------------|---------------------------------|-----------------------------------|
| Capital Lease Obligation | \$ 31,421 | \$ - | \$ 31,421 | \$ - | \$ - |
| Water Revenue Refunding Bonds, Series 2000, Bearing Interest at 5.88%, Payable January 1 and July 1 Through January 1, 2020. | <u>302,646</u> | - | - | <u>302,646</u> | - |
| <u>TOTALS</u> | <u>\$ 334,067</u> | <u>\$ -</u> | <u>\$ 31,421</u> | <u>\$ 302,646</u> | <u>\$ -</u> |

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 7 - Long-Term Liabilities (continued)

The required annual principal and interest payments for long-term liabilities outstanding at December 31, 2010, are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|-------------------|------------------|-------------------|
| 2011 | \$ - | \$ 8,898 | \$ 8,898 |
| 2012 | 26,000 | 17,031 | 43,031 |
| 2013 | 28,000 | 15,444 | 43,444 |
| 2014 | 30,000 | 13,738 | 43,738 |
| 2015 | 32,000 | 11,916 | 43,916 |
| 2016 - 2020 | <u>186,646</u> | <u>28,394</u> | <u>215,040</u> |
| TOTALS | <u>\$ 302,646</u> | <u>\$ 95,421</u> | <u>\$ 398,067</u> |

Cash paid for interest was \$29,604 in 2010.

Note 8 - Capital Lease Obligations

During 2005, the District entered into a capital lease agreement with Chase Leasing to finance a new automated meter reading system. The lease qualifies as a capital lease for accounting purposes as defined under the Accounting Standards Codification, Section 840-30, Capital Leases, and therefore has been recorded at the present value of future minimum lease payments at the date of inception of the leases. The lease was paid in full during 2010. There are no further lease payments due.

Cash paid for interest during 2010 was \$829.

Note 9 - Subsequent Events

Subsequent events have been evaluated through March 14, 2011 and it has been determined that no significant events have occurred for disclosure. March 14, 2011 is the date that the financial statements are available to be issued.

CAMERON, HINES & HARTT

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To The Board of Commissioners
Cadeville Water District
West Monroe, Louisiana

We have audited the component unit financial statements of the business-type activities of the Cadeville Water District, a component unit of Ouachita Parish Police Jury, as of and for the year ended December 31, 2010, and have issued our report thereon dated March 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cadeville Water District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To The Board of Commissioners
Cadeville Water District
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cadeville Water District's component unit financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 10-1.

This communication is intended solely for the information and use of the Board of Directors, management and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cameron, Hines & Harth (APAC)

West Monroe, Louisiana
March 14, 2011

CADEVILLE WATER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

To The Board of Commissioners
Cadeville Water District
West Monroe, Louisiana

We have audited the component unit financial statements of the business-type activities of the Cadeville Water District as of and for the year ended December 31, 2010, and have issued our report thereon dated March 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2010, resulted in an unqualified opinion.

Section I - Summary of Auditors' Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness ☐ yes ☒ no

Significant Deficiencies not considered to be
Material Weaknesses ☐ yes ☒ no

Compliance

Compliance Material to Financial Statements ☒ yes ☐ no

B. Federal Awards: NONE

Material Weakness Identified ☐ yes ☐ no

Significant Deficiencies not considered to be
Material Weaknesses ☐ yes ☐ no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified ☐ Qualified ☐

Disclaimer ☐ Adverse ☐

Are their findings required to be reported in accordance with Circular A-133, Section .510 (a)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)

CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? N/A

CADEVILLE WATER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Section II - Financial Statement Findings

10-1 Uncollateralized Deposits

Condition:

At December 31, 2010, the District had savings accounts in one bank totaling \$267,111 but had only \$250,000 FDIC insurance to protect these deposits. The bank failed to pledge additional securities to cover the deficit.

Criteria:

Under Louisiana Revised Statutes 39:1221, 39:1223, 39:1224, 39:1225, and 39:1226, the depository institution is required to provide additional security to bring the total insurance to the required amount.

Effect:

The amounts of uncollateralized funds are exposed to loss in case of bank failure, although highly unlikely.

Recommendation:

The District should require its depository bank to fully insure all demand deposits and all savings deposits to the full amount.

Response:

The District's depository bank discovered this lapse in coverage and fully insured the District's deposits the following month.

Section III - Federal Award Findings and Questioned Costs – N/A

CADEVILLE WATER DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2010

Section I - Internal Control and Compliance Material to the Financial Statements

No findings were reported under this section.

Section II - Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III - Management Letter

No management letter was issued.